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THRU : Chief, Economic Research, ORR
: Chief, Industrial Division, ORR
Chief, Shipbuilding Branch, ORR

28 May 1959

Gaps in Information Requirements for Communist China.

1. Attached are gaps in information for Communist China submitted for your approval in accordance with the schedule attached to Memo of 6 February 1959 from Chief, Industrial Division to Chief, Planning and Review Staff.

2. Although most of the basic shipbuilding requirements are covered by NIRMs (Naval Intelligence Requirements Memoranda) the economic aspects of the industry essential for the needs of ORR are not. The gaps in information presented herewith are primarily those arising from ORR's responsibility.

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Attachment

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GAPS IN INFORMATION

COMMUNIST CHINA

SHIPBUILDING INDUSTRY

BACKGROUND

1. The shipbuilding industry in Communist China is at an earlier stage of development than the other major shipbuilders in the Bloc, such as Poland and East Germany. The industry had its beginnings about 1953. With the aid of extensive Soviet assistance, the Chinese have developed shipyards and component plants, and have laid on extensive naval and merchant shipbuilding programs. Current output is valued at about \$225 million dollars and consists of submarines, other naval vessels, and merchant ships of many types.

2. Major centers of shipbuilding are located in Shanghai and Dairen, with shipyards in Wuchang and Canton currently in preliminary production stages. Other shipbuilding centers are expected to develop over the next few years.

3. Communist China is now a major Bloc Shipbuilder. Naval shipbuilding is second only to that of the USSR. Merchant shipbuilding is approaching but has not reached the level of either East Germany or Poland.

4. Information on shipbuilding is neither uniform nor complete. The physical aspects of the shipbuilding industry have not been adequately established, while economic aspects are almost totally unreported. For certain shipyards, such as Hsitung and Chiangnan Shipyards in Shanghai, and Dairen shipyard in Dairen, considerable information has been obtained. For many other shipyards, however, detailed information is lacking the most important of which is probably Wuchang Shipyard.

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QUESTIONS

The following questions are listed in descending order of priority:

A. Soviet Assistance.

1. What materials, subassemblies, components or equipment have been supplied by the USSR for the naval and merchant shipbuilding programs in China? Indicate not only the items and quantities involved but also the cost.

2. Determine the extent of Soviet participation in the expansion of Chinese shipyards and in the development of the marine component industry. Indicate both material assistance and the cost or value of this assistance.

3. Indicate whether Soviet assistance to the shipbuilding industry is increasing or decreasing and the ultimate objective of this assistance.

B. Ship Construction.

1. Five Year Plans.

Obtain detailed information on plans and plan fulfillment for the Chinese Communist Shipbuilding Industry.

2. Naval Ship Construction.

Current estimates depend to a large extent upon estimated order of battle because of lack of information on shipyards and shipbuilding activities. In order to improve the accuracy of output and value of output estimates, the following is required:

- (a) Determine the rate of output of submarines and minesweepers at Wuchang Shipyard.
- (b) Determine the rate of output and the shipyards building subchasers. Whampoa Naval Dockyard and Chiuhsin Shipyard are believed to be the shipyards.
- (c) Determine the rate of output and the shipyards building motor torpedo boats. Shanghai and Canton are the principal centers of construction, but other centers may also be involved.
- (d) Determine the rate of output and the shipyards building landing craft.

3. Merchant Ship Construction.

- (a) Resolve the confusion in names of shipyards in Shanghai. Shanghai Shipyard and East Shanghai Shipyard are two names

SECRET

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- reported in Chinese press. They may refer to Chung Hsa Shipyard and/or Hutung Shipyard, or may be separate shipyards in addition to Chung Hsa and Hutung.
- (b) Determine the shipyard facilities and the construction activity engaged in at Wuchang Shipyard and Canton shipyard.
 - (c) Determine the activities and types of vessels being constructed by the smaller shipyards in Shanghai.

C. Prices.

1. Construction Costs - are required for all vessel types being built in Communist China. The following represent the most important types currently under construction for which prices are desired:

- (a) Naval vessels.
- (b) 13,400 DWT ocean-going cargo vessel building at Dairen Shipyard.
- (c) 5,000 DWT coastal cargo vessel building at Dairen and Chianganan Shipyards.
- (d) 3,200 DWT coastal cargo vessel building at Shanghai Shipyard.
- (e) 3,000 DWT coastal passenger vessel building at Hutung Shipyard.
- (f) 1,500 DWT coastal cargo vessel building at Canton Shipyard.
- (g) 1,000 DWT river cargo vessel building at Hutung or Chung Hsa shipyards.
- (h) Passenger cutter building at Dairen Shipyard.
- (i) 1,200 HP tug building at Dairen Shipyard.

2. Cost to build and cost to China of merchant vessels built by East Germany, Poland and Hungary for China.

D. Capital Investments.

Large capital investments have been made by the Shipbuilding Industry on the construction, expansion or modernization of shipyards and component plants in China since 1953. The following represent the most important questions on investment:

- 1. Total annual investments by the Shipbuilding Industry.
- 2. Total investments at the following shipyards:

- (a) Wuchang Shipyard
- (b) Hutung Shipyard
- (c) Canton Shipyard
- (d) Dairen Shipyard
- (e) Chianganan Shipyard

3. Total annual investments in the marine component industry with indications of individual plant investment.

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E. Labor.

Statistics on shipbuilding labor are desired indicating the size and composition of the labor force, the relative efficiency or productivity, and wages.

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